THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (e) Yes Sir, the matter is under consideration.

Supply of gas to Andhra Pradesh

1983. SHRI NANDI YELLAIAH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Andhra Pradesh Government has requested the Central Government for augmenting gas supply to power utilities in Andhra Pradesh in view of the fact that as against a firm allocation of 5.12 MMSCMD, the Gas Authority of India (GAIL) has been supplying only 3.4 MMSCMD to the State and due to this the existing power projects of the State are generating power only upto 50 per cent of their installed capacity;

(b) if so, the response of Government in this regard;

(c) the reasons for delay in according to this request; and

(d) the time likely to be taken to give clearance to the proposal of Andhra Pradesh Government?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (d) Government of Andhra Pradesh has requested Government to augment gas supply to power utilities in the State. Against firm allocation of 5.185 MMSCMD to existing power projects, the supply was around 4.06 MMSCMD in 3rd quarter of 2007-08. Based on request from Government of Andhra Pradesh, Government directed GAIL to transfer around 1.02 to 1.15 MMSCMD gas to Lanco Kondapalli to one of the new projects Vemagiri Power for period from January to April, 2008, so that Lanco Kondapalli can run on naptha, while Vemagiri Power can produce additional power.

The natural gas produced in KG basin is intended to be supplied to consumers in various parts of the country, including Andhra Pradesh. 40 MMSCMD of gas production is expected to commence from KG basin D-6 block from 2008, which is projected to increase to 80 MMSCMD in 2011-12.

Losses to oil companies

1984. SHRI TARIQ ANWAR: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that private and public sector oil companies are incurring losses on petroleum products after the recent price hikes also;

(b) if so, the details of each company;

(c) the reasons that Government is not tracing other ways like reduction in tax etc.; and

(d) the response of Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) The Government has made a marginal increase in petrol and diesel prices by Rs. 2/litre and Re. 1/litre respectively with effect from 15.2.2008, which is actually in the nature the restoration of the retail prices of these products to the price level operating before February, 2007. The upward movement in international oil prices

warranted a much higher increase. Despite the steep increase in the international oil prices, the prices of domesitc LPG and PDS Kerosene have not been increased since November'04 and March'02 respectively. Due to this, the Public Sector Oil Marketing Companies (OMCs) are incurring under-recoveries on domestic sale of sensitive petroleum products namely petrol, diesel, domestic LPG and PDS kerosene.

The impact of the price increase in petrol and diesel effective 15.2.2008 on the under-recoveries of the OMCs for 2007-08 would be around Rs. 810 crore. Even after this, it is estimated that the OMCs would suffer under-recoveries of over Rs. 70,000 crore on the sale of sensitive petroleum products during 2007-08. The total under-recoveries of the OMCs on sensitive petroleum products for the period April-December, 2007 on provisional basis are given below:

Rs./Crore

Name of the OMC	Under-recoveries for Apr.-Dec. '07 (Estimated Prov.)
Indian Oil Corporation	26,840.12
Bharat Petroleum Corporation	10,815.05
Hindustan Petroleum Corporation	9,963.82
TOTAL	47,618.99

(c) and (d) The duties on sensitive petroleum products have been rationalized to mitigate the impact of high international oil prices on their retail selling prices. The Customs Duty on petrol and diesel has been reduced from 10% to 7.5% effective 14.6.2006 and the *advalorem* component of Excise Duty on unbranded petrol and diesel has been abolished with effect from 1.3.2008. The Customs Duty and Excise Duty on domestic LPG and PDS kerosene were also abolished with effect from 1.3.2005. Further, consequent to enactment of Finance Bill 2006, domestic LPG has become a "Declared Good" under CST Act and the maximum Sales Tax/VAT rate is 4% effective 19.4.06 across all the States/Union Territories.

To share the burden of OMCs, the Government has issued Oil Bonds and the Upstream Oil Companies have contributed by offering discount on crude oil and petroleum products, to partially compensate the under-recoveries of OMCs.

Energy needs of countries

1985. SHRIMATI SUPRIYA SULE: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether his Ministry is exploring an option with the Ministry of External Affairs to link the line of credit offered to a few countries with energy supplies and this would help cash-strapped but commodity-rich countries to utilize the credit line fully;

(b) if so, whether the offer has been fine-tuned by his Ministry to tackle the economy's sharply mounting energy needs; and

(c) if so, to what extent these measures will help to improve the energy needs in the country?